

Contractualization Practices in the Philippine Government: The State University X Experience

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ABSTRACT

This study examines the practice of contractualization in the Philippine government using the experience of State University X as a case study. While contractual employment arrangements have become common in many government institutions, there remains limited qualitative research examining how these practices affect employees and institutional governance in state universities. Using a qualitative research design, the study gathered narratives from twelve purposively selected key informants composed of guest lecturers, agency-based administrative staff, and janitorial personnel. Through thematic analysis of interview data, the findings revealed that contractualization is widely practiced through job order, contract of service, and agency-based employment arrangements. The study further shows that these arrangements have implications on employment security, professional development opportunities, and institutional efficiency. Contractual employees reported disparities in benefits, limited access to training programs, and uncertainty in employment tenure. Despite these concerns, institutions continue to rely on contractualization as a cost-efficient staffing mechanism. The study concludes that clearer alignment between institutional practices and national labor regulations is necessary. It recommends that the Civil Service Commission strengthen policy guidelines governing contractual employment in government institutions to ensure fair labor practices while maintaining institutional operational efficiency.

RESUMO

Este estudio examina la práctica de la contractualización en el gobierno filipino, utilizando la experiencia de la Universidad Estatal X como caso de estudio. Si bien los acuerdos de empleo contractual se han vuelto comunes en muchas instituciones gubernamentales, aún existe poca investigación cualitativa que examine cómo estas prácticas afectan a los empleados y la gobernanza institucional en las universidades estatales. Mediante un diseño de investigación cualitativo, el estudio recopiló las narrativas de doce informantes clave seleccionados intencionalmente, compuestos por profesores invitados, personal administrativo de agencias y personal de limpieza. Mediante el análisis temático de los datos de las entrevistas, los hallazgos revelaron que la contractualización se practica ampliamente a través de órdenes de trabajo, contratos de servicio y acuerdos de empleo de agencias. El estudio muestra, además, que estos acuerdos tienen implicaciones en la seguridad laboral, las oportunidades de desarrollo profesional y la eficiencia institucional. Los empleados contratados reportaron disparidades en las prestaciones, acceso limitado a programas de capacitación e incertidumbre en la permanencia en el empleo. A pesar de estas preocupaciones, las instituciones continúan recurriendo a la contractualización como un mecanismo rentable para la contratación de personal. El estudio concluye que es necesaria una mayor armonización entre las prácticas institucionales y la normativa laboral nacional. Recomienda que la Comisión de Servicio Civil fortalezca las directrices políticas que rigen el empleo contractual en las instituciones gubernamentales para garantizar prácticas laborales justas y, al mismo tiempo, mantener la eficiencia operativa institucional.

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Introduction

One of the most significant developments in governance in recent decades has been the growing demand for skilled, competent, and committed civil servants. As governments expand in size and scope to meet growing public needs, the demand for labor in public institutions has likewise increased. One response adopted by many governments is the practice of contractualization or the contracting out of specific jobs and services. According to Galgano (2003), the increasing and varying demand for labor in both local and national governments has intensified the practice of contractual employment arrangements, commonly referred to as contractualization. Studies from the Bureau of Labor and Employment Statistics (2012) indicate that this employment arrangement emerged prominently in the 1980s within the ASEAN region and has since become a common feature of labor markets across Southeast Asia. As such, contractualization has become an important employment mechanism in both private and public sectors, including in the Philippines.

In the Philippine context, contracting arrangements are widely practiced in both private companies and government institutions. Instead of directly hiring personnel such as messengers, janitors, and security guards, many organizations outsource these services to contractors or manpower agencies. This arrangement is often viewed as cost-efficient because institutions no longer need to undertake the processes of recruitment, hiring, and training of employees. As a result, contractualization has become a common strategy for managing human resource requirements, particularly in rapidly urbanizing areas where the demand for services is high. In highly populated cities such as Cebu, the growing demand for administrative and support services has further encouraged institutions to adopt flexible employment arrangements.

Metro Cebu, in particular, has developed into a major hub for outsourcing and contracting operations. According to Beerepoot (2005), the region has become one of the centers where subcontracting and outsourcing arrangements are commonly practiced across different sectors. Both private and public institutions increasingly rely on contracting arrangements for various operational tasks in order to remain efficient and competitive. While such practices create employment opportunities, they also present challenges related to job security, employment conditions, and labor protection. Supporting this observation, the Bureau of Labor and Employment Statistics (2012) reported that approximately seven out of ten institutions, both private and public, engage in some form of contractual employment arrangement. This suggests that contractualization has become a common labor practice in many organizations operating in Cebu.

Within Cebu, several state universities operate in the metropolitan area and serve a large and diverse student population. These institutions attract students not only from Cebu but also from nearby provinces such as Negros and Bohol and from other regions of the

country, particularly Mindanao. With the implementation of policies that support wider access to higher education, enrollment in these universities has significantly increased. As a result, state universities have experienced increased demand for teaching, administrative, and maintenance personnel. To address these staffing requirements, some institutions have adopted contractual employment arrangements by outsourcing janitorial, maintenance, and administrative services to third-party manpower agencies. In addition, academic staff such as guest lecturers are sometimes hired under short-term service contracts to address temporary teaching needs. These employment arrangements illustrate how contractualization is implemented in state universities in Cebu.

Despite the operational advantages associated with contractual employment, concerns have been raised regarding its implications for organizational efficiency and employee welfare. In many government offices, including state universities, contractual employment arrangements may create challenges related to knowledge transfer, continuity of service, employee commitment, and workplace stability. Contract-based employees often leave their positions at the end of their contracts, which may result in disruptions in administrative processes and delays in institutional operations. In some cases, newly hired personnel require additional time to familiarize themselves with office procedures, thereby affecting productivity. Moreover, contractual employees typically receive fewer benefits and enjoy less employment security compared to regular government personnel. The disparity in salary, benefits, and employment status may affect employee motivation and overall organizational performance.

Despite the widespread use of contractual employment arrangements in the Philippine government, existing studies have largely focused on private sector labor practices or macro-level labor policies. There remains limited empirical research that examines how contractualization is implemented within government institutions, particularly in state universities where teaching, administrative, and maintenance functions are often supported by contractual personnel. Moreover, qualitative accounts from workers directly affected by these arrangements remain underrepresented in the literature. Understanding how contractualization operates at the institutional level is essential for evaluating its implications on governance, employee welfare, and service delivery in public sector organizations.

Today, contractualization has become a widespread employment practice at the global, regional, national, and local levels as institutions attempt to address fluctuating labor demands through temporary employment arrangements. While this practice provides short-term employment opportunities and operational flexibility for institutions, its broader implications for organizational performance and employee welfare remain under debate. At state universities in Cebu, the growing reliance on contractual personnel has raised concerns about service continuity, institutional productivity, and the overall efficiency of service delivery to students and other stakeholders.

Despite the prevalence of this practice, the actual experiences and operational implications of contractualization within government higher education institutions have received insufficient examination in the existing literature. As a result, the overall impact of contractual employment arrangements in state universities is often overlooked or inadequately understood. In light of this gap, this study seeks to examine and describe the practice of contractualization as implemented in State University X, with the aim of providing empirical insights into how contractual employment arrangements operate within a government higher education institution in Cebu.

This study aims to describe the practice of contractualization in the Philippine government using the experience of State University X as a case. Specifically, the study seeks to examine (1) the extent to which contractualization is practiced in the Philippine government, (2) how contractualization is implemented in State University X as a government institution, (3) how the observed contractualization practices in the university align with existing local and national policies governing contractual employment, and (4) administrative recommendations may be proposed based on the findings of the study.

Methodology

This study employed a qualitative research design to describe the practice of contractualization in Philippine government offices using the experience of State University X as a case. Qualitative inquiry was considered appropriate for the study because it allowed the researchers to explore the lived experiences, perceptions, and narratives of individuals directly involved in contractual employment arrangements within the university. The study examined how contractualization is practiced within the institution and how these practices reflect broader employment arrangements in the Philippine public sector. In addition to interview data, related studies, relevant literature, government policies, departmental orders, and legal issuances concerning contractualization were reviewed to support the analysis and interpretation of the findings.

The study was conducted at State University X, a state university where contractual employment arrangements are used across various operational areas of the institution. In recent years, the university has implemented contractualization by outsourcing janitorial, maintenance, and administrative services to third-party manpower agencies. Additionally, some academic personnel, particularly guest lecturers, are hired under short-term service contracts to address temporary teaching requirements. These employment arrangements provided an appropriate institutional context for examining how contractualization is implemented in a government higher education institution.

The study's respondents consisted of 12 key informants purposively selected for their direct involvement in contractual employment arrangements within the university. The

participants included four guest lecturers, four agency-based administrative staff, and four janitorial or maintenance personnel. Participants were selected based on the following criteria: (1) current or recent employment under contractual arrangements within the university, (2) direct experience with institutional employment policies and practices related to contractualization, and (3) willingness to participate in the interview process. Individuals without direct experience of contractual employment at the institution were excluded from the study. The purposive selection of 12 key informants was appropriate for the study's qualitative design because qualitative research commonly relies on smaller samples that provide in-depth information about the phenomenon under investigation. The selected participants represented different categories of contractual workers within the institution, allowing the researchers to capture diverse perspectives on contractualization practices.

An interview guide served as the primary instrument for gathering qualitative data from the participants. The interview guide was developed to align with the study's objectives and the four research questions. It consisted of approximately thirty open-ended questions designed to elicit narratives regarding employment arrangements, working conditions, institutional policies, and the perceived implications of contractualization within the university. Prior to conducting the interviews, the interview questions were reviewed to ensure clarity and relevance to the study's objectives. Additional instruments used during the data-gathering process included an audio recorder, field notes, and documentation materials to ensure accurate recording of responses.

Prior to data collection, the selected key informants were contacted and asked for their preferred time and location for the interview. Participants were informed about the purpose of the study and were assured that their participation was voluntary. Confidentiality and anonymity were guaranteed through the use of pseudonyms in all records and transcripts. Each participant was assigned a pseudonym for identification purposes: KI-1 to KI-4 referred to guest lecturers, KI-5 to KI-8 represented agency-based administrative staff, and KI-9 to KI-12 referred to janitorial or maintenance personnel. The interviews were conducted individually in locations preferred by the participants to ensure comfort and privacy. Each interview lasted approximately 30 to 45 minutes. With the participants' consent, the interviews were audio-recorded to ensure accurate documentation of their responses.

After the interviews were conducted, the recorded conversations were transcribed verbatim for analysis. The researchers organized the responses into a tabular matrix to systematically compile each participant's narratives based on the questions in the interview guide. The use of pseudonyms ensured that participants' identities remained confidential during the analysis and presentation of results.

Thematic analysis was employed to analyze the qualitative data gathered from the interviews. The researchers first reviewed the transcripts several times to become familiar with the data. Initial codes were generated by identifying recurring ideas, statements, and patterns

in the key informants' responses. These codes were then grouped into broader categories and themes that reflected common experiences and perceptions regarding contractualization practices in the university. The themes were reviewed and refined to ensure they accurately represented the participants' narratives. Relevant literature, policies, and existing studies were also consulted to support the interpretation of the findings and to validate the emerging themes.

In addition to interview data, document and policy analyses examined institutional codes, national policies, departmental orders, and other government issuances related to contractual employment in the Philippine public sector. These documents were analyzed to determine how the university's contractualization practices align with existing legal and regulatory frameworks. The integration of interview narratives and policy documents enabled the researchers to provide a more comprehensive analysis of contractualization practices and their implications for workforce management and institutional governance.

Through the combined use of interviews, thematic analysis, and document and policy analysis, the study evaluated how contractualization practices at State University X relate to existing civil service laws and labor regulations in the Philippines. The findings of the study also served as the basis for developing conclusions and policy recommendations concerning the practice of contractualization in government institutions.

Literature Review

The literature and studies cited in this paper examine various perspectives on employment arrangements in relation to contractualization, including the broader concepts of labor contracting and labor market flexibility. These studies provide theoretical and empirical insights that help explain the emergence, operational mechanisms, advantages, and criticisms of contractual employment practices in both the private and public sectors.

A. Concept of Contractualization

The concept of contractualization has been widely discussed in labor studies, although it remains one of the most ambiguous terms within the discourse of labor relations. From the perspective of labor law, there is no single functional definition that comprehensively captures the meaning of contractualization. Instead, the concept is often understood through the relationships among the parties to the employment arrangement. Sims (2012) explained that contractualization typically involves three principal actors: the principal or the firm (either private or public), the contractor or manpower agency, and the employees deployed by the contractor. Within this arrangement, a trilateral relationship exists among these actors. Under the Philippine Labor Code, the contractor is considered the legal employer of the workers

deployed to the principal. However, this framework provides only a partial explanation of the complexity of contractual employment relationships.

In an effort to clarify the concept for the general public, former Labor Secretary Silvestre Bello described contractualization as a system in which companies farm out certain job functions to external service providers (Reyes, 2016). In this arrangement, workers performing services within a firm are technically employed by a contractor or manpower agency rather than by the principal company itself. For example, sales personnel in shopping malls may be hired by agencies that supply labor to the mall operators. In this sense, the employees are not directly part of the organization where they physically perform their work but are instead employed by the contractor that deploys them.

Paqueo and Orbeta (2016) further emphasized that contractualization may be understood as a labor supply mechanism in which workers are demanded by firms and supplied by contractors or manpower agencies. This perspective aligns with the idea that as economies expand and labor demands increase, firms rely on contractors to supply the necessary workforce. Through this arrangement, a functional relationship is established between the firm that requires labor and the contractor that supplies workers to meet operational demands.

Similarly, Merced et al. (2012) introduced the concept of Temporary Employment Contracts (TEC) to describe the employment status of workers under contractual arrangements. According to this view, employees engaged under contractualization typically serve under short-term service contracts, often lasting only five months. This employment arrangement reflects the temporary and renewable nature of contractual work. Regardless of the performance of the employee, the contractual status remains temporary unless the employment arrangement is converted into a regular position.

B. Advantages of Contractualization

Despite the criticisms associated with contractual labor practices, contractualization remains widely practiced in both private and public sectors for several practical reasons. Muinde (2012) identified several motivations that encourage organizations to adopt contractual employment arrangements. These include access to specialized labor, reduction of operational costs, and the ability to minimize administrative responsibilities associated with recruitment, training, and employee management. By engaging contractors to supply personnel, organizations are able to focus on their core functions while delegating human resource management tasks to service providers.

In addition, Beerepoot (2005) highlighted the role of contractualization in facilitating the circulation of knowledge within industrial clusters. Skilled workers deployed through contractors may bring technical expertise and experience that can benefit the principal

organization. As a result, firms may prefer contracting arrangements because they allow access to experienced personnel without the need for extensive training of newly hired employees.

Contractualization has also become widespread across different economic sectors. Yves et al. (2012) observed that contractual employment arrangements are commonly found in industries such as transportation, tourism, construction, manufacturing, and general services. Supporting this observation, data from the Bureau of Labor and Employment Statistics (2012) indicate that approximately seven out of ten firms in both private and public sectors engage in contractual employment practices. This suggests that contractualization has become an integral component of modern labor markets.

The growth of contractual employment arrangements has also been reflected in statistical trends. Cristobal (2014) reported that the proportion of contracted workers increased significantly between 1990 and 1994, rising from 15 percent to 21.1 percent. This increase indicates the expanding reliance of organizations on contractual labor arrangements. The trend has continued in subsequent years, with Cristobal further noting that by the early 2000s, approximately two out of three Filipino firms had adopted some form of contractual employment arrangement.

The expansion of contractualization has also been associated with the emergence of new industries and sectors that rely on flexible labor arrangements. Douglas (2015) observed that industries such as information technology, manufacturing, aerospace, and various government agencies have increasingly relied on contractual labor to support their operations. In the Philippine context, the information technology and business process outsourcing industries have become among the sectors that most extensively utilize contractual labor arrangements.

C. Contractor–Principal Relationship

Within the trilateral employment relationship that characterizes contractualization, maintaining a cooperative relationship between the principal and the contractor is essential for protecting the welfare of workers. Muinde (2012) argued that a partnership-oriented approach between contractors and principals can help reduce adversarial labor relations and promote a more cooperative employment environment. This relationship is often supported by the principle of solidary liability under the Philippine Labor Code, which holds both the contractor and the principal jointly responsible for ensuring compliance with labor laws and social legislation. As a result, well-defined and comprehensive service contracts are necessary to regulate the relationship among the parties involved in contractual employment arrangements.

Muinde (2012) further suggested that simplified and transparent service contracts can help improve coordination between contractors and principals, thereby enhancing the

performance of subcontracted workers. Greater involvement of principals in employment negotiations may also allow contractual workers to exercise more meaningful collective bargaining rights and reduce their vulnerability to abusive employment practices.

D. Contractualization in the Philippines

Historically, contractualization in the Philippines was largely limited to support services such as security, janitorial, and maintenance work. However, in recent decades, contractual employment arrangements have expanded into more complex forms of work, including functions traditionally performed by regular employees. Macaraya (2012) noted that increasing economic competition during the late 1980s encouraged many Philippine enterprises to reorganize their operations and adopt contractual labor arrangements as a strategy for improving organizational efficiency. In response to these developments, Philippine legislators introduced regulatory measures intended to protect the rights and welfare of workers engaged in contractual employment.

Yves et al. (2012) further observed that contractualization has been supported by policymakers and economic stakeholders because it contributes to economic growth and employment generation. Various department orders issued by the Department of Labor and Employment have attempted to regulate the practice of contractualization while allowing organizations to maintain flexible employment arrangements.

E. Criticism and Disapproval of Contractualization

Despite the perceived advantages of contractual employment arrangements, numerous scholars have expressed concerns about their implications for worker welfare and labor rights. Colina (2000) argued that contractualization represents a troubling development for many Filipino workers because it undermines the constitutional right to security of tenure. According to this perspective, employment relationships under contractualization often depend primarily on agreements between contractors and principals, leaving workers with limited protection and representation.

Similarly, Bobo (2011) highlighted the potential for wage theft and exploitation within contractual employment arrangements. Wage theft may occur when contractors reduce or fail to provide the legally mandated wages and benefits owed to workers. Because contractors may deduct a portion of the workers' wages as service fees, contractual employees may receive lower take-home pay compared to regular employees performing similar tasks. These concerns have contributed to ongoing debates regarding the fairness and legitimacy of contractual employment practices.

The concerns raised by Colina (2000) and Bobo (2011) have influenced the development of regulatory policies such as Department Order No. 174 issued by the Department of Labor and Employment. These regulatory measures aim to strengthen the

protection of workers' rights and prevent abusive labor practices associated with contractual employment arrangements.

Results and Discussions

The practice of contractualization in government institutions produces both positive and negative implications for organizational efficiency and service delivery. While contractual employment arrangements allow institutions to address staffing shortages and operational demands, they also raise concerns regarding employment stability, workforce continuity, and employee welfare. This section presents an analysis of the actual practice of contractualization in a government institution using the experience of State University X. The discussion also examines how these institutional practices relate to existing local and national policies governing contractual employment in the Philippine public sector. For clarity of presentation, the results and discussion are organized into three thematic areas: (1) the realities of contractualization in Philippine government offices, (2) contractualization practices in State University X as a government institution, and (3) the alignment of institutional practices with local and national policies on contractualization.

Contractualization in Philippine Government Offices

Data from the Civil Service Commission (CSC) show that as of 2018, more than 27 percent of the approximately 2.4 million government employees in the Philippines were hired under Job Order (JO) or Contract of Service (COS) arrangements. This proportion represents approximately 660,390 workers who do not enjoy security of tenure under the government employment system. The prevalence of JO and COS workers highlights the widespread reliance on contractual employment arrangements across government institutions. Although these workers perform functions similar to those of regular employees, they typically receive compensation based only on the services rendered and are not entitled to the full range of benefits provided to permanent government personnel.

Another concern associated with this employment arrangement is the temporary nature of contractual employment. Once the contract period expires, employees may face the possibility of unemployment unless their contracts are renewed. Reports also indicate that nearly 120,000 new hires in recent years have been engaged under JO or COS arrangements, suggesting that the government continues to rely on contractual employment as a mechanism for addressing staffing needs. These figures demonstrate that contractualization has become a common employment practice in many government offices across the country.

The findings of the present study were organized into major themes derived from the narratives of the key informants. These themes highlight the realities of contractual

employment in the university, the institutional arrangements that sustain such practices, and the perceived implications of contractualization on employee welfare, institutional productivity, and service delivery.

Contractualization Practices in State University X

In State University X, contractualization is observed as a mechanism for addressing staffing requirements in teaching, administrative, and maintenance functions of the institution. The engagement of contractual personnel has existed for several years, although the university has recently initiated efforts to regularize some positions. Despite these developments, contractual employment arrangements continue through the hiring of contract-based academic staff and agency-based administrative and maintenance personnel.

In terms of academic staffing, contractual employment is relatively limited. Approximately eight percent of the total faculty population, or 18 out of 220 faculty members, are hired as contractual instructors. These instructors are engaged through service contracts that usually cover one academic semester.

Contractual instructors are commonly contacted by department heads whenever additional teaching loads become available at the beginning of the semester, after which they are required to submit updated application documents such as personal data sheets, medical and psychological examination results, and institutional clearances before signing a service contract. (KI-1, KI-2, KI-3)

This account illustrates that contractual teaching appointments follow a repetitive hiring process that occurs every academic term. The requirement to repeatedly submit documents and undergo similar application procedures every semester reflects the temporary nature of contractual teaching arrangements. While such flexibility allows institutions to address fluctuations in teaching demand, it also reinforces employment insecurity among academic personnel hired under short-term contracts. Similar employment patterns have been observed in higher education institutions where universities rely on contractual faculty to respond to changing instructional needs (Macaraya, 2012).

Despite fulfilling requirements similar to those of regular faculty members, contractual instructors do not receive the same employment status or benefits. This situation suggests that contractualization functions primarily as a short-term staffing mechanism rather than a stable employment pathway for academic personnel.

Contractualization is more evident in the administrative workforce of the university. A majority of administrative personnel are currently deployed through manpower agencies rather than directly hired by the institution.

Requests for leave must be processed and approved through the manpower agency rather than through the university administration. (KI-4, KI-6)

This statement highlights the formal employment relationship between agency-based workers and the manpower agency rather than the university. Although employees perform their daily duties within the institution, authority over employment matters remains with the contractor. This arrangement reflects the trilateral employment structure commonly associated with contractualization, where the contractor acts as the legal employer while the principal institution benefits from the services rendered (Sims, 2012).

Concerns regarding salary computation and payroll discrepancies are addressed through the manpower agency because it is the entity responsible for processing employee compensation. (KI-4, KI-5, KI-6)

This narrative further confirms the role of manpower agencies as the formal employers in contractual employment arrangements. The agency assumes responsibility for payroll management and compliance with labor standards, while the principal organization supervises the actual work performance. Such institutional arrangements are consistent with the contracting-out practices widely adopted by both public and private organizations seeking to reduce administrative burdens associated with personnel management (Muinde, 2012).

Administrative personnel usually render eight hours of work daily, with an additional hour allotted for lunch break, and overtime work is only performed when specifically requested by supervisors. (KI-4, KI-5, KI-6)

This account illustrates that agency-based employees often perform work schedules comparable to those of regular employees despite their contractual employment status. However, the similarity in workload does not necessarily translate to equal employment conditions or benefits. Studies on labor outsourcing have shown that contractual workers frequently perform similar tasks as regular employees but remain excluded from the employment protections associated with permanent positions (Paqueo & Orbeta, 2016).

A similar arrangement exists for maintenance and janitorial personnel in the university, who are likewise deployed through manpower agencies rather than directly employed by the institution.

Some maintenance personnel had already been working in the university for several years prior to being transferred to employment under a manpower agency. (KI-8)

This account indicates that several workers had long-standing service in the institution before their employment status changed. The transition from direct employment to agency-based employment reflects institutional adjustments in response to evolving labor policies and regulatory frameworks. Such transitions are often implemented as organizations restructure their workforce to comply with contracting regulations while maintaining operational flexibility (Douglas, 2015).

Certain janitorial staff had served the university for approximately three years before being placed under the employment of a manpower agency. (KI-10)

This statement reinforces the observation that workers previously associated with the institution were later absorbed by service providers. The shift suggests a restructuring of employment arrangements rather than a replacement of personnel. Similar trends have been documented in public sector institutions where outsourcing arrangements allow organizations to maintain service continuity while transferring employment responsibilities to contractors (Beerepoot, 2005).

Some workers reported having served the university for more than five years before their employment status shifted to agency-based arrangements. (KI-9)

This account highlights concerns regarding security of tenure. Workers who had already provided extended years of service within the institution were not necessarily absorbed as regular employees but were instead transferred to contractor-based employment arrangements. Critics of contractualization argue that such practices may undermine workers' long-term employment stability and weaken the protection of labor rights (Colina, 2000).

Another concern raised by the participants relates to compensation and benefits.

Contract-based instructors indicated that their salary is calculated solely on the basis of actual teaching hours, excluding preparation time and vacant periods. (KI-1, KI-2, KI-3)

This narrative reflects the compensation structure applied to contractual instructors. Unlike regular faculty members whose responsibilities include preparation, consultation, and other academic duties, contractual instructors are compensated only for the hours spent

delivering instruction. Such payment schemes are commonly associated with temporary academic contracts where compensation is limited to direct service hours rather than the broader responsibilities of academic work (Merced et al., 2012).

Agency-based personnel reported that their compensation generally follows the regional minimum wage and that although mandated labor benefits are provided, certain privileges such as paid sick leave are not always available. (KI-4, KI-5, KI-6, KI-7, KI-8, KI-9, KI-10)

This statement reveals disparities in employment benefits between contractual and regular employees. While contractors are expected to comply with minimum labor standards, contractual employees often experience limitations in accessing comprehensive employment benefits. Scholars have noted that contractualization may create segmented labor conditions where workers performing similar tasks receive unequal compensation and benefits (Cristobal, 2014).

Participants also raised concerns regarding access to professional development opportunities within the university.

Contract-based and agency-based employees shared that they are often unable to participate in seminars, training programs, and institutional development activities because such opportunities are usually reserved for regular employees. (KI-1, KI-3, KI-5, KI-7, KI-8, KI-9)

This account demonstrates how employment status influences participation in institutional development programs. Exclusion from professional development activities may limit opportunities for skill advancement and career mobility among contractual employees. Previous studies have also highlighted that contractual workers often have limited access to institutional capacity-building programs because organizations prioritize investment in permanent personnel (Muinde, 2012).

For contractual instructors, employment arrangements commonly follow a five-month service contract or a single academic semester.

Contract-based instructors explained that their employment contracts typically last for one semester and may only be renewed if additional teaching loads are available in the succeeding term. (KI-1, KI-2, KI-3)

This statement illustrates the cyclical nature of contractual academic employment. The repeated renewal of short-term contracts resembles what is commonly referred to as the “5-5-5” employment practice, where workers are rehired under successive short contracts without

acquiring regular status. Labor scholars have argued that this practice undermines the principle of security of tenure guaranteed under labor laws (Pamis, 2017).

Overall, the findings indicate that contractualization in State University X operates through multiple employment arrangements, including contract-based academic appointments and agency-based administrative and maintenance services. While these arrangements provide operational flexibility for the institution, they also generate concerns regarding employment security, compensation disparities, and limited access to professional development opportunities.

Local Policies Vis-à-vis Contractualization

Institutional policies of State University X provide the administrative framework that guides human resource management practices, including contractual employment arrangements. These policies reflect how the university aligns its staffing practices with national civil service regulations while responding to institutional manpower demands.

The Human Resource Management Office (HRMO) of the university is responsible for designing, developing, and administering staff training programs in coordination with the Civil Service Commission. (Article 9, Section 4.4, Revised University Code of State University X)

This provision highlights the central role of the HRMO in managing the university's human resource development initiatives. By coordinating with the Civil Service Commission (CSC), the HRMO ensures that institutional personnel policies remain consistent with national standards governing public sector employment. The provision also implies that the HRMO must strategically plan staffing and training programs to strengthen institutional capacity. In public organizations, human resource units play a critical role in aligning staffing practices with organizational goals and regulatory frameworks, particularly in managing workforce development and institutional performance (Douglas, 2015).

The university is authorized to establish its own screening process for personnel hiring, provided that it adheres to the standards and guidelines set by the Civil Service Commission. (Article 14, Revised University Code of State University X)

This policy suggests that while the institution enjoys a degree of administrative autonomy in hiring personnel, it must still operate within the regulatory boundaries established by national civil service policies. Such collaboration between institutions and regulatory agencies helps ensure transparency, accountability, and merit-based recruitment within public sector organizations. According to Paqueo and Orbeta (2016), alignment with civil service regulations is essential in maintaining fairness and standardization in government hiring practices.

The composition of the faculty in each college may include regular, temporary, contractual, and part-time members of the academic staff. (Article 15, Revised University Code of State University X)

This policy explicitly recognizes the presence of multiple employment classifications within the academic workforce. By allowing the inclusion of temporary and contractual faculty members, the university institutionalizes flexible staffing arrangements that can address fluctuating teaching demands. However, the reliance on contractual academic personnel may also introduce issues related to employment stability and continuity in instructional delivery. Scholars have noted that the increasing reliance on temporary academic appointments is a growing trend in higher education institutions seeking operational flexibility while managing resource constraints (Macaraya, 2012).

Employees hired under a contract-of-service arrangement shall receive compensation based on the number of hours of actual service rendered, following a compensation schedule approved by the Board of Regents. (Article 20, Revised University Code of State University X)

This provision establishes the compensation structure for contractual personnel within the university. Unlike regular employees who receive fixed monthly salaries and additional employment benefits, contract-of-service workers are compensated strictly based on hours rendered. Such compensation schemes reflect the temporary and task-oriented nature of contractual employment arrangements. Studies on contractual labor have observed that payment structures tied to actual service hours often result in disparities in compensation and employment benefits between contractual and regular employees (Merced et al., 2012). In addition to employment-related provisions, the university's Quality Policy emphasizes its commitment to improving institutional governance and service delivery.

The university commits itself to meeting increasing levels of stakeholder demands through continuous quality improvement and the promotion of good governance. (Quality Policy, State University X)

This statement reflects the institution's aspiration to maintain high standards of governance and service delivery. However, the effectiveness of such commitments depends heavily on the capacity and stability of the workforce responsible for implementing these policies. Human resource stability has been identified as a critical factor in sustaining institutional governance and service quality within public organizations (Muinde, 2012).

Similarly, one of the university's stated quality objectives is to improve customer satisfaction by accelerating service delivery processes across institutional offices.

The university aims to increase the customer satisfaction index of its services by fast-tracking administrative processes in compliance with its service delivery charter. (Quality Objectives, State University X)

While this objective reflects the institution's intention to enhance efficiency in public service delivery, its implementation may be affected by staffing limitations within the organization. Observations from the study indicate that several offices remain understaffed and rely heavily on contractual personnel to perform essential administrative tasks. Research on public sector workforce management has shown that excessive reliance on temporary personnel may create operational challenges, particularly when employees lack long-term institutional commitment or opportunities for professional development (Cristobal, 2014).

Overall, the analysis of institutional policies suggests that State University X formally recognizes contractual employment arrangements as part of its workforce structure while attempting to align its staffing practices with national civil service regulations. However, the realities observed in the institution indicate that the reliance on contractual personnel may present challenges in achieving long-term organizational efficiency, workforce stability, and service quality.

National Policies Vis-à-vis Contractualization in the Philippine Government

National policies of the Philippine government provide the regulatory framework that governs the engagement of contractual employees in public institutions. These policies aim to balance organizational flexibility in staffing with the protection of workers' rights and the promotion of effective public service delivery.

Two of the ten-point Socioeconomic Agenda of the Duterte administration emphasize improving competitiveness in both the business and public sectors while strengthening human capital development in the country. (Philippine Development Agenda)

These policy directions underscore the government's recognition of human resource development as a key driver of national competitiveness and institutional performance. Investments in human capital are considered essential in improving productivity and service delivery across public sector organizations. Scholars have argued that strengthening workforce capacity is a fundamental component of governance reforms aimed at improving the efficiency and responsiveness of government institutions (Douglas, 2015).

Joint Circular No. 1, s. 2018 issued by the Civil Service Commission (CSC), Department of Budget and Management (DBM), and Commission on Audit (COA) provides that compensation for Job Order (JO) and Contract of Service (COS) workers shall be equivalent to the daily wage of comparable government positions, with a possible premium of up to twenty percent. (CSC-DBM-COA Joint Circular No. 1, s. 2018)

This provision establishes the compensation guidelines for JO and COS workers in government agencies. While the circular ensures that contractual workers receive compensation comparable to existing government salary rates, it also confirms that such workers do not enjoy the same remuneration and benefits granted to regular government

employees. As a result, disparities in employment conditions between regular and contractual workers remain evident. Research on labor contractualization indicates that compensation systems for contractual employees often differ from those of permanent staff, reflecting the temporary and project-based nature of their employment (Cristobal, 2014).

The same Joint Circular allows government agencies to procure the services of JO and COS workers in order to maintain continuous and efficient delivery of government programs and services. (CSC-DBM-COA Joint Circular No. 1, s. 2018)

This policy recognizes the role of contractual employment in ensuring operational continuity in government agencies, particularly when staffing shortages or project-based tasks arise. By permitting the engagement of JO and COS personnel, the government provides agencies with flexibility in addressing temporary manpower needs. However, such arrangements must still comply with existing regulations governing public sector employment. Scholars have noted that contracting arrangements are commonly used by public institutions to manage fluctuating labor demands while maintaining organizational efficiency (Muinde, 2012).

The circular further stipulates that JO and COS personnel should not perform functions that are part of the official duties of regular employees, nor should they be assigned supervisory or managerial responsibilities over career personnel. (CSC-DBM-COA Joint Circular No. 1, s. 2018)

This provision aims to prevent the misuse of contractual employment arrangements within government agencies. By restricting the functions of JO and COS workers, the policy ensures that contractual personnel are engaged only for tasks that are outside the core responsibilities of permanent government positions. Such regulatory safeguards are intended to preserve the integrity of the civil service system and protect the principle of merit-based public employment (Paqueo & Orbeta, 2016).

Civil Service Commission Memorandum Circular No. 11, s. 1996 states that casual appointments should not be issued to fill vacant plantilla positions and that casual employees should not perform the duties assigned to such permanent positions. (CSC Memorandum Circular No. 11, s. 1996)

This policy reinforces the principle that temporary employment arrangements should not replace permanent government positions within the civil service structure. The regulation ensures that plantilla positions are filled through proper recruitment processes consistent with merit and fitness principles. Public administration scholars have emphasized that maintaining clear distinctions between permanent and temporary employment categories is necessary in preserving institutional accountability and workforce stability in government organizations (Douglas, 2015).

Executive Order No. 292, also known as the Administrative Code of 1987, categorizes contractual personnel under the Non-Career Service, referring to employees hired under special contracts to perform specific tasks requiring specialized skills within a defined period not exceeding one year. (Executive Order No. 292)

This provision clarifies the legal classification of contractual personnel in the Philippine civil service system. By placing contractual employees within the Non-Career Service category, the policy acknowledges their temporary and task-specific role within government agencies. Such classification reflects the government's attempt to differentiate project-based employment from long-term career service positions. Studies on public sector labor arrangements have noted that non-career service appointments provide institutions with flexibility while allowing them to address specialized or short-term operational requirements (Yves et al., 2012).

Civil Service Commission Memorandum Circular No. 40, s. 1998 distinguishes Job Order and Contract of Service workers from casual employees, stating that JO and COS workers perform specific tasks or intermittent work for periods not exceeding six months, while casual employees perform functions similar to those of regular personnel. (CSC Memorandum Circular No. 40, s. 1998)

This distinction clarifies the different employment categories within the government workforce. Job Order and Contract of Service workers are engaged primarily for specific outputs or projects, whereas casual employees perform ongoing functions within government offices. Such differentiation highlights the varied employment arrangements that exist within the Philippine civil service system. Scholars have argued that these classifications are necessary to regulate workforce management in government agencies while ensuring compliance with civil service laws and labor standards (Merced et al., 2012).

Overall, national policies governing contractual employment demonstrate the government's attempt to regulate the use of contractual labor while maintaining operational flexibility in public institutions. Although these policies provide guidelines intended to protect workers and ensure accountability in government employment practices, the actual implementation of contractualization within agencies may still produce challenges related to employment stability, compensation equity, and workforce management.

Conclusion

The findings of this study show that the practice of contractualization in Philippine government offices is influenced by each institution's internal rules and policies. Although national policies from the Civil Service Commission and other government agencies provide guidelines on the use of Job Order (JO) and Contract of Service (COS) workers, their actual implementation varies across institutions. The analysis of local and national policies shows that there are still gaps and inconsistencies between policy provisions and the actual practice of contractualization in government offices. As observed in State University X,

contractualization is commonly used to address manpower shortages and to ensure the continuous delivery of services in teaching, administrative, and maintenance functions. However, the increasing use of JO and COS arrangements also raises concerns about job security, compensation and benefits disparities, and limited opportunities for professional development among contractual workers.

Based on the findings of the study, the following actionable recommendations are proposed:

1. Government agencies, particularly state universities and colleges, should review their existing staffing policies and ensure that the use of Job Order (JO) and Contract of Service (COS) personnel strictly complies with Civil Service Commission regulations.
2. State University X and similar government institutions should develop a clear manpower rationalization plan that gradually reduces excessive reliance on contractual personnel while prioritizing the creation of regular plantilla positions for essential functions.
3. The Human Resource Management Office should strengthen workforce planning to ensure that contractual employees are used only for temporary, specialized, or project-based tasks and not for positions that require long-term institutional responsibilities.
4. Institutional administrators should explore mechanisms that provide contractual employees with access to selected professional development activities, seminars, and training programs in order to enhance their skills and improve service delivery.
5. The Civil Service Commission, Department of Budget and Management, and Commission on Audit may consider strengthening monitoring mechanisms to ensure that government agencies do not misuse JO and COS arrangements for functions that should be performed by regular employees.
6. Government institutions should establish transparent guidelines on compensation, work conditions, and responsibilities of contractual personnel to reduce disparities between regular and non-regular employees performing similar tasks.
7. The Department of Labor and Employment and the Civil Service Commission may continue reviewing existing policies on contractual employment to ensure that workforce flexibility in government institutions does not compromise the principles of security of tenure and fair labor practices.
8. Future studies may examine contractualization practices in other government agencies and state universities in order to provide broader empirical evidence that can support policy reforms in public sector employment.

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